

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 8041

BILL NUMBER: SB 526

DATE PREPARED: Mar 29, 2001

BILL AMENDED: Mar 29, 2001

SUBJECT: Loan Brokers and Broker Dealers.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill specifies that a supervised lender or a nonsupervised automatic lender of the United States Department of Veterans Affairs is not included in the definition of "loan broker" for purposes of the law regulating loan brokers. The bill requires the Securities Commissioner to retain the initial or renewal application fee paid for any license application that is withdrawn or denied. The bill creates the Loan Broker Regulation Account in the state General Fund. The bill provides that all of the fees and funds, other than the costs of investigations and civil penalties recovered under the loan broker statute, must be used for the regulation of loan brokers. It also provides that the anti-fraud provisions of the loan broker laws apply to registered and unregistered loan brokers.

Effective Date: (Amended) July 1, 2001; January 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) This bill will change the way fees collected from loan brokers are distributed. Under current law, loan broker fee revenue is deposited into the state General fund for general fund purposes. This bill will deposit fees from loan brokers into the Loan Brokers Regulation Account created by the bill. Funds in the Loan Brokers Regulation Account could only be used for the regulation of loan brokers. Any money in this account at the end of the fiscal year would not revert to the General Fund.

The cost of a loan broker permit is \$200, renewable biennially. It is estimated that redistributing the fee revenue collected from loan brokers to the Loan Brokers Regulation Account will decrease state General Fund revenue by approximately \$200,000 over the FY 2002 and FY 2003 biennium.

Under current law, loan brokers who offer loans guaranteed by the United States Department of Veterans Affairs (VA) are not required to receive a loan broker permit. This bill limits that exemption to supervised

lenders and automatic nonsupervised lenders. To the extent that this bill will increase the number of lenders offering loans guaranteed by the VA who are required to obtain a loan broker permit, the bill will generate additional revenue for the Loan Brokers Regulation Account. The number of the brokers that will be required to become licensed as a result of this change is unknown.

Note: Supervised lenders are lenders that are governed by a regulatory agency. These lenders include banks, savings and loans, credit unions, and financial institutions.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of the Secretary of State.

Local Agencies Affected:

Information Sources: Brad Skolnik, Securities Commissioner, Office of the Secretary of State, 232-6690.